

Message Text

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22-12

ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 /090 W

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4412

INFO USDOC WASHDC

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E.O. 11652 N/A

TAGS: ENRG, EIND, KU

SUBJ: STATUS OF KUWAIT PETROCHEMICAL PROJECTS

REF: 75 KUWAIT 3687

1. EMBOFF HAS DISCUSSED \$250 MILLION AROMATICS PROJECT FOR THE PRODUCTION OF BENZENE AND XYLENE, WITH LOCAL AGENTS OF LUMMUS AND PROCON WHO ARE INVOLVED IN BIDDING ON PORTIONS OF BOTH PROJECTS. PROCON ALREADY WORKING ON AROMATICS PROJECTS AS CONSULTANT.

2. RE AROMATICS, REP STATED THAT AS OF NOW SIX FIRMS WERE BEING CONSIDERED FOR BIDDING ON AN INVITATION BASIS AS CONTRACTORS: PROCON, FOSTER-WHEELER, FLUOR, DAVY POWER AND GAS, AND SNAM. ACCORDING TO REP, MORE FIRMS COULD BE ADDED LATER, DEPENDING ON APPROVAL OF FOREIGN PARTNER, W.R. GRACE ONCE NEGOTIATIONS ON PARTNERSHIP AGREEMENT ARE COMPLETED.

3. RE ETHYLENE, LUMMUS IS SEEKING TO WIN CONSULTANCY

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PORTION OF CONTRACT ON A BASIS SIMILAR TO PROCON'S

CONSULTANCY WORK ON AROMATICS PROJECT BUT WOULD BE UNWILLING TO BID ON THIS BASIS IF THIS MEANT THAT COMPANY WOULD BE DENIED OPPORTUNITY TO BID ON PROJECT ITSELF. REP UNDERSTANDS THAT THIS IS CURRENTLY THE THINKING OF PETROCHEMICAL INDUSTRIES COMPANY (PIC).

4. IN RECENT MEETING WITH PIC CHAIRMAN ABD AL-BAQI NOURI WE WERE TOLD THAT PIC-GRACE (AROMATICS) JOINT VENTURE IS ON RAILS ALTHOUGH FINAL DETAILS OF AGREEMENT REMAIN TO BE COMPLETED. HE SAID SEVERAL US CHEMICAL COMPANIES WERE INVITED TO PARTICIPATE IN OLEFINS JOINT VENTURE, BUT NONE WERE INTERESTED, SO PIC WILL WORK WITH NON-AMERICAN COMPANIES.

5. NOURI ALSO COMMENTED ON POSSIBLE JOINT VENTURES OUTSIDE KUWAIT. HE MENTIONED POSSIBLY INVESTING IN TERMINAL FACILITIES IN US OR EUROPE. GENERALLY, HE SAID PRIORITY WILL BE GIVEN TO AREAS PIC IS FAMILIAR WITH, I.E., FERTILIZERS, OR IN NEARBY, I.E., ARAB COUNTRIES. HOWEVER, AFTER KUWAIT'S UNHAPPY EXPERIENCE IN TURKEY, PIC WILL CAREFULLY SCRUTINIZE PROPOSALS. AS A RESULT PROJECTS IN OR PROPOSED BY ROMANIA, INDIA AND EGYPT HAVE FOR ONE REASON OR ANOTHER BEEN REJECTED OR RETURNED FOR ADDITIONAL STUDY. ON OTHER HAND, PIC WAS INTERESTED IN A PROJECT IN TUNISIA BUT WHEN ABU DHABI OFFERED EASY CREDIT WITH HARDLY ANY QUESTIONS, KUWAITIS FOUND THEMSELVES SHUT OUT OF PROJECT.

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